DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID#11752
Resolution E-4548
December 20, 2012

R E S O L U T I O N

Resolution E-4548. Pacific Gas and Electric Company (PG&E) consolidated electric revenue and rate changes effective January 1, 2013.

PROPOSED OUTCOME: Authorizes PG&E to revise electric rates effective January 1, 2013 to reflect revenue requirement changes approved by the Commission and the Federal Energy Regulatory Commission (FERC) by December 20, 2012, and amortization of balancing accounts. Rate and revenue changes made pursuant to this resolution are subject to audit, verification, and adjustment.

ESTIMATED COST: PG&E estimates a net increase in annual electric revenue requirements of approximately $515.3 million (a 4.9% increase in its system bundled average rates as compared to present rates) for PG&E customers if the Commission and FERC approve revenue requirements changes by December 20, 2012 in the proceedings identified herein.

By Advice Letter 4096-E filed on August 31, 2012.

SUMMARY

PG&E proposes to revise electric rates effective January 1, 2013 to reflect revenue requirement changes authorized in various proceedings by the Commission and the FERC by December 20, 2012. For revenue requirements that are not yet approved by the Commission and the FERC, PG&E is using an estimated amount. PG&E will file a supplemental advice letter in December 2012 to reflect amounts actually approved by the Commission by December 20, 2012. PG&E's proposal is approved with modifications.

- PG&E shall —consistent with previous years' Annual Electric True-Up (AET) processes—submit by December 31, 2012 a supplement to Advice Letter (AL) 4096-E with revised tariffs effective January 1, 2013. The supplemental AL shall reflect only revenue requirement changes approved by the Commission or the FERC by December 20, 2012, as described in this resolution. The December supplemental AL will also include recorded balancing account data through October 31, 2012, and forecasted balancing account data for November and December 2012.
- Balances in balancing accounts authorized for recovery in rates shall be subject to future audit, verification, and adjustment.
- Pursuant to Decision (D.) 12-09-008, cost recorded in the Diablo Canyon Seismic Studies Balancing Account (DCSSBA) must be recovered through PG&E's next Energy Resource Recovery Account compliance proceeding.
- PG&E requests discretion to postpone reflecting in rates until after January 1, 2013, certain revenue requirements changes approved by the Commission on December 20, 2012. PG&E's request is granted to the extent that those orders do not require that revenue requirements changes be reflected in rates on January 1, 2013.
- PG&E is authorized to recover during 2013, its full 2013 Commission approved revenue requirements resulting from Commission orders adopted on December 20, 2012, if PG&E implements those orders in rates after January 1, 2013.

This resolution includes a separate attachment "A" which lists, in alphabetical order, a list of terms and associated acronyms used throughout the resolution.

PG&E forecasts a consolidated net revenue requirement increase of $515.3 million on January 1, 2013.

PG&E estimates that there will be a net increase in electric revenue requirements of approximately $515.3 million on January 1, 2013, incorporating various increases and decreases, authorized or to be authorized, resulting in a 4.9% increase in its system bundled average electric rates. The consolidated revenue requirement increase results from the sum of a CPUC-jurisdictional $473.4 million increase and a FERC-jurisdictional $41.9 million increase.

BACKGROUND

The AET advice letter is the vehicle that PG&E has used for many years to consolidate revenue requirements which have been authorized at the end of the year by the Commission or by the FERC for recovery, and to amortize balances in regulatory accounts. Rate changes addressed in the AET advice letter become effective on January 1 after the Commission acts on the advice letter.

The major electric utilities generally change rates two to three times per year to implement revenue requirements and rate design changes authorized by the Commission and FERC. For example in 2012, PG&E changed electric rates three times: on January 1, March 1, and July 1. The January 1, 2012 rate change occurred through the AET process as described below. PG&E's electric rate changes on March 1, 2012 and July 1, 2012 were made pursuant to Commission and FERC orders which authorized rate changes to be made effective later in the year.

On September 1, 2011, PG&E filed AL 3896-E, its 2011 AET advice letter for rates effective January 1, 2012. Resolution E-4432 dated December 15, 2011 addressed that advice letter.

In AL 3896-E, PG&E proposed to consolidate electric revenue requirements authorized by the Commission and the FERC by the date of the last Commission meeting of 2011, and recover balances in regulatory accounts previously considered in Resolution E-4379 (December 16, 2010), which addressed PG&E's 2010 AET advice letter. PG&E included tables in AL 3896-E showing account balances requested for recovery as recorded through July 31, 2011. PG&E proposed that it submit a supplement to AL 3896-E in December 2011 to amortize balances recorded through October 2011, combined with forecasted December 2011 balances, and to consolidate all Commission and FERC-authorized revenue requirements for new rates effective January 1, 2012. Resolution E-4432 authorized PG&E to consolidate revenue requirements and amortize year end 2011 account balances upon filing a supplement to AL 3896-E.

On August 31, 2012, PG&E filed AL 4096-E, its ninth annual AET advice letter addressing electric revenues and rates to be effective January 1, 2013.

PG&E requests in AL 4096-E to recover revenue requirements authorized by the Commission and the FERC by December 20, 2012 (the date of the last scheduled Commission meeting in 2012), and to recover year end 2012 balances in the accounts authorized for recovery in last year's AET Resolution E-4432.

PG&E forecasts a CPUC-jurisdictional revenue requirement net increase of $473.4 million.

In AL 4096-E PG&E estimates that there will be a CPUC-jurisdictional net increase in electric revenue requirements of approximately $473.4 million on January 1, 2013. This results from increases in some revenue components and decreases in others. The revenue increases PG&E forecasts total $1.154 billion, and are comprised of: 1) $615 million in electricity procurement, ongoing competition transition charge (CTC), cost allocation mechanism (CAM) and Power Charge Indifference Amount (PCIA)[1] revenue requirements including amortization of balances in the Energy Resource Recovery Account (ERRA) and the Modified Transaction Cost Balancing Account (MTCBA); 2) $309 million in the Department of Water Resources (DWR) power and bond charge revenue requirements, DWR franchise fee revenue requirement, and amortization of the balance in the Power Charge Collection Balancing Account (PCCBA); 3) $136 million for non-fuel related generation revenue requirements including amortization of balances in the Utility Generation Balancing Account (UGBA), and the Family Electric Rate Assistance Balancing Account (FERABA); and 4) $94 million for distribution revenue requirements including amortization of the balance in the Distribution Revenue Adjustment Mechanism account (DRAM).

PG&E forecasts the following revenue decreases totaling $681 million, and are comprised of: 1) $417 million for the energy cost recovery amount (ECRA) which finances costs associated with PG&E's emergence from bankruptcy in 2004 including the Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement and amortization of the ERBBA balance, and the Dedicated Rate Component (DRC) charges; 2) $252 million for return of the Assembly Bill (AB) 32 allowance revenues[2]; 3) $8 million in public purpose program (PPP)

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[1] In D.10-12-035, the Commission adopted a settlement which established a charge that utilized the CAM approved in D.06-07-029, D.07-09-044, and D.08-09-012 to recover capacity costs of combined heat and power resources. The PCIA represents the above market costs associated with the California Department of Water Resources revenue requirement and other generation resources that are recoverable from certain departing load customers.

[2] In an email dated November 16, 2012 to Energy Division, PG&E explained that it developed the $252 million estimate by multiplying the total number of allowances provided to PG&E in the California Air Resources Board cap and trade regulation 24.9, by $10 per metric ton of CO_2 emitted, which is the "floor price" provided by the CARB regulation.

revenue requirements including amortization of balances recorded in the Public Purpose Revenue Adjustment Mechanism account (PPPRAM), the California Alternate Rates for Energy Account (CAREA), and the Procurement Energy Efficiency Revenue Adjustment Mechanism account (PEERAM); and 4) $4 million for Nuclear Decommissioning revenue requirements including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism account (NDAM).

PG&E forecasts a FERC-jurisdictional net revenue increase of $ 41.9 million.

In AL 4096-E, PG&E estimates a FERC-jurisdictional net revenue increase of $41.9 million effective January 1, 2013. This results from an increase in one FERC component and a decrease in another FERC component. PG&E expects a $62 million increase in rates related to an overcollection in the End Use Customer Refund Balancing Account (ECRBA), a mechanism that returns FERC-ordered refunds to retail transmission customers.

PG&E also forecasts a $20 million decrease in rates related to the transmission revenue balancing account adjustment (TRBAA), a mechanism that ensures revenues received by PG&E from the California Independent System Operator (CAISO) are credited to PG&E's customers.

The following tables provide a breakdown of various increases and decreases adding up to the net increase of $ 515.3 million PG&E has estimated in AL 4096-E.

In AL 4096-E, PG&E provides illustrative rates effective January 1, 2013, based on revenue changes resulting from amortization of balances in regulatory accounts on December 31, 2012, and revenue requirement changes in Commission and FERC proceedings expected to be authorized by December 20, 2012. PG&E's forecasted account balances on December 31 are based on recorded balances through July 2012 and forecasted balances from August through December 2012.

A breakdown of the components of the annual revenue requirement increase estimated in AL 4096-E is shown in Tables 1 – 3 below. The illustrative rates that PG&E provides in AL 4096-E are summarized in Table 4 below.

Table 1. CPUC-authorized revenue changes effective January 1, 2013 forecasted by PG&E	**Million $**
Energy procurement, ongoing CTC, CAM, and PCIA revenue requirements including amortization of the ERRA and MTCBA accounts.	$615.1
DWR power and bond charge revenue requirements including DWR franchise fees, and amortization of the balance in the PCCBA account.	$309.1
Non-fuel generation revenue requirements including amortization of balances in the UGBA (after transfer of the MRTUMA balance to the UGBA) and FERABA accounts.	$135.8
Distribution revenue requirements including amortization of balances in the DRAM.	$93.9
Energy cost recovery amount revenue requirements including the ERBBA revenue requirement and amortization of the balance in the ERBBA account, and DRC charges.	-$416.8
Assembly Bill (AB) 32 Allowance Revenues	-$252.3
Public Purpose program revenue requirements including amortization of balances in the PPPRAM, CAREA, and PEERAM accounts.	-$7.7
Nuclear Decommissioning revenue requirements including amortization of the balance in the NDAM account.	-$3.7
Total CPUC-authorized revenue change:	**$473.4**

Table 2. FERC-authorized revenue changes effective January 1, 2013 forecasted by PG&E	**Million $**
End Use Customer Refund Adjustment Balancing Account (ECRBA)	$61.5
Transmission Revenue Balancing Account Adjustment (TRBAA)	-$19.6
Total FERC-authorized revenue change:	**$41.9**

PG&E forecasts that the CPUC-authorized increase combined with the FERC-authorized decrease will result in a net increase of $515.3 million.

Table 3. Change in revenue requirements effective January 1, 2013 forecasted by PG&E	**Million $**
CPUC-authorized:	$473.4
FERC-authorized:	$41.9
Total AET increase:	**$515.3**

Table 4. Summary of Illustrative Average Bundled Customer Rates Shown in AL 4096-E ($ per kWh)[3]

Customer Class	Present Rates	Proposed Rates on Jan. 1, 2013	Percent Change
Residential CARE	0.09570	0.09986	4.3%
Residential Non-CARE	0.18543	0.19437	4.8%
Total Residential	0.16016	0.16775	4.7%
Small and Medium Commercial	0.17311	0.18220	5.3%
Large Commercial and Industrial	0.12724	0.13388	5.2%
Agricultural	0.13979	0.14588	4.4%
Streetlighting	0.17014	0.17713	4.1%
System	0.15239	0.15992	4.9%

[3] From data shown in Attachment 3, Table 3 of AL 4096-E. Residential CARE rates are based on combined Schedules EL-1, EL-7, and EL-8. Residential Non-CARE rates are based on combined Schedules E-1, E-7, and E-8. Small and Medium Commercial rates are based on the combined small light and power and medium light and power schedules. Large Commercial and Industrial rates are based on combined Schedules E-19, E-20, and Standby.

According to AL 4096-E this will amount to a 4.9% increase in PG&E's system average bundled customer electric rate.

The revenue requirements changes that PG&E expects will be authorized by the Commission and the FERC and incorporated in rates effective January 1, 2013 are the result of several factors.

Increased power procurement costs addressed in PG&E's ERRA forecast proceeding (Application (A.) 12-06-002): The largest driver of the CPUC-authorized increases to be incorporated in rates by PG&E is for energy procurement costs. PG&E expects higher procurement costs mainly as a result of an increase in renewable generation costs and increased costs of fossil generation and purchased power due to greenhouse gas (GHG) compliance obligations. A Commission decision is expected in A.12-06-002 by the end of 2012.

Increased DWR revenue requirements due to a lower amount of revenues being returned from DWR relative to 2012: PG&E's 2012 DWR revenue requirement was decreased as a result of DWR returning operating reserves to PG&E as the DWR contracts allocated to PG&E expire. The amount of DWR revenues returned to PG&E in 2012 was substantial and resulted in PG&E's power charge revenue requirement being negative. PG&E expects that its 2013 power charge revenue requirement will still be negative but because a lower amount of operating reserves will be returned to PG&E, its 2013 DWR power charge revenue requirement will be about $309 million higher than in 2012. PG&E's 2013 DWR revenue requirement is being considered by the Commission in Rulemaking (R.) 11-03-006 and a Commission decision in that case is expected later in 2012.

Costs for implementing the CAISO's Market Redesign and Technology Upgrade (MRTU) initiative: The increase projected in 2013 in PG&E's non-fuel generation revenue requirements is largely due its request to recover about $65 million for projects that became operative in 2010 to implement the CAISO's MRTU initiative. PG&E is also seeking to recover about $8 million for projects that became operative in 2011. Costs associated with the 2010 and 2011 MRTU projects are being reviewed in A.12-01-014 and A.12-04-009, respectively.[4]

[4] According to PG&E's MRTU tariff, costs recorded in the MRTUMA would be transferred to the UGBA for recovery in rates after the Commission approves recovery of the costs.

Attrition increases authorized in PG&E's 2011 general rate case (GRC): D.11-05-018 in PG&E's 2011 GRC authorized increases of $27 million and $127 million, respectively, in PG&E's electric generation and electric distribution revenue requirements for the 2013 attrition year of that GRC.

Reduced energy cost recovery amount revenue requirement, and an expected return of AB 32 GHG allowance revenues to customers: PG&E's 2013 energy cost recovery amount revenue requirement will be substantially lower than in 2012 due to the expiration of the DRC charges which will be paid in full before the end of 2012. The return of AB 32 GHG allowance revenues to customers also partially offsets the expected overall increase in CPUC-jurisdictional revenue requirement in 2013.

The FERC authorized revenue requirement changes that PG&E forecasts will occur in January 2013 are based on PG&E's October 2012 annual ECRBA adjustment, and TRBAA filed at the FERC. If FERC approves these adjustments by December 20, 2012, PG&E will incorporate them in rates effective January 1, 2013.

PG&E's 2013 bundled sales forecast is lower than the 2012 bundled sales forecast.

For balancing accounts with revenues, PG&E forecasted revenues using 1) rates presently in effect, and 2) the sales forecast used in the 2013 ERRA forecast proceeding (A.12-06-002).

PG&E provided illustrative January 1, 2013 electric rates to provide the Commission with an estimate of the effect of approval of this advice letter, as well as resolution of the pending and anticipated proceedings and advice letters discussed herein. Rates are determined based on the sales forecast submitted by PG&E on June 20, 2012 in A.12-06-002, and the rate design and revenue allocation methodology established in phase 2 of its 2011 GRC. As the 2013 bundled sales forecast is lower than the 2012 forecast, the illustrative rates are higher than what they otherwise would be in the absence of the decrease in sales.

PG&E proposes to file a December 2012 supplement to AL 4096-E to consolidate updated balancing account balances and revenue requirement changes approved by the Commission and FERC.

PG&E proposes to supplement AL 4096-E prior to the end of 2012 to incorporate (1) amortization of balances in accounts based on recorded data as of October 31, 2012, and forecast balances for November and December 2012, and (2) revenue requirement changes authorized by the Commission and FERC by

December 20, 2012. The December 2012 supplemental AL would include the new rates and revised tariffs to become effective on January 1, 2013.

PG&E requests authority for discretion to delay implementation in rates until spring 2013, certain revenue requirements changes authorized by the Commission on December 20, 2012.

PG&E notes that there is a short time period between the Commission's December 20, 2012 meeting, the date it submits its supplemental advice letter, and the January 1, 2013 effective date of new rates. It therefore requests the following authority in implementing new rates on January 1, 2013:

- PG&E will include in rates effective January 1, 2013 the revenue requirement changes resulting from all decisions adopted by the Commission on November 29, 2012.
- PG&E will incorporate the revenue requirement changes associated with decisions in the Cost of Capital A.12-04-018, and the 2013 ERRA forecast A.12-06-002 if those decisions are adopted by December 20, 2012.
- PG&E will implement in rates the revenue requirements changes resulting from a decision adopted in the GHG R.11-03-012 on December 20, 2012 if PG&E has sufficient notification by that date of the requirements related to returning the AB 32 allowance revenues to customers in their rates. Otherwise, PG&E proposes to implement this decision after January 1, 2013.
- For all other proceedings in which the Commission adopts a decision on December 20, 2012 affecting revenue requirements, PG&E requests authority to either make those changes effective on January 1, 2013 or in the next rate change which is expected to occur in spring 2013.[5]

NOTICE

Notice of AL 4096-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and

[5] In an email dated November 8, 2012, PG&E informed Energy Division that it expects to change transmission rates effective May 1, 2013 to modify its transmission access charge rate and transmission owners rates upon FERC's approval.

distributed electronically in accordance with Section 4.3 of General Order 96-B, and served on parties to A.09-12-020, A.10-01-014, A.10-02-012, A.10-02-028, A.10-08-002, A.10-08-005, A.11-02-011, A.11-05-019, A.11-07-008, A.11-09-014, A.11-11-017, A.12-01-014, A. 12-04-009, A.12-04-018, A.12-06-002, A.12-07-001, A.12-08-007, R.09-01-019, R.09-06-018, R.11-03-012, and R.12-01-005.

PROTESTS

No parties submitted protests to PG&E's AL 4096-E.

DISCUSSION

PG&E's request to establish the 2013 ERBBA revenue requirement is granted. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach used in last year's AET AL 3896-E and approved in Resolution E-4432.

The ERBBA records benefits and costs associated with Energy Recovery Bonds (ERB). In this AET filing, PG&E proposes that the 2013 ERBBA revenue requirement be established using a forecast of 2013 ERBBA activity, including the amortization of the December 31, 2012 forecast ERBBA balance. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach used in last year's AET AL 3896-E and approved in Resolution E-4432. PG&E's request to establish the 2013 ERBBA revenue requirement as proposed in this advice letter is granted. This includes establishing the ERBBA revenue requirement using the most recent Commission adopted rate of return.

PG&E is authorized to incorporate revenue requirement changes for 2013 resulting from decisions approved by December 20, 2012, in the following Commission proceedings.

If by December 20, 2012 the Commission authorizes PG&E to make revenue requirement changes effective January 1, 2013 as a result of decisions in the formal proceedings listed below, PG&E shall incorporate those changes in the December 2012 supplement to AL 4096-E. As discussed later in this resolution, the supplement shall be filed by December 31, 2012.

- A.12-04-018, PG&E's 2013 Cost of Capital proceeding. If the Commission adopts PG&E's proposal in A.12-04-018, a revenue requirement reduction of about $75 million would result ($53 million reduction to the distribution revenue requirement, and a $22 million reduction to the electric generation revenue requirement).

- A.12-06-002, PG&E's 2013 ERRA forecast proceeding. As noted in Table 1 above, PG&E's ERRA proposal would result in a $615 million revenue requirement increase.

PG&E is authorized to incorporate revenue requirement changes for 2013 resulting from decisions approved by November 29, 2012 in the proceedings listed below. PG&E's request for discretion to implement after January 1, 2013, revenue requirement changes associated with decisions adopted on December 20, 2012 in the proceedings listed below, is granted on the condition that Commission decisions do not require implementation on January 1, 2013. If PG&E implements those revenue requirements in rates after January 1, 2013 it is authorized to recover its full Commission approved 2013 revenue requirements during 2013.

If the Commission adopts by November 29, 2012 decisions in the formal proceedings listed below authorizing PG&E to make revenue requirements changes effective January 1, 2013, PG&E shall incorporate those changes in the December 2012 supplement to AL 4096-E.

We conditionally grant PG&E's request for discretion to defer implementation in rates until after January 1, 2013, revenue requirements changes authorized by decisions adopted on December 20, 2012 in the proceedings listed below. We grant PG&E this discretion on the condition that decisions in these proceedings do not require PG&E to include the revenue requirements changes resulting from the decisions in rates effective January 1, 2013. If PG&E implements any of these decisions in rates effective January 1, 2013 it shall incorporate those changes in the December 2012 supplement to AL 4096-E. If PG&E implements any of these decisions in rates after January 1, 2013, it is authorized to recover its full Commission approved 2013 revenue requirements during calendar year 2013.

- A.11-09-014 addressing PG&E's request to recover costs recorded in the Catastrophic Event Memorandum Account (CEMA) related to fires in 2009, storms in 2009, 2010, and 2011, and an earthquake in 2010. PG&E proposes in this proceeding to recover about $32.4 million in 2013 ($31.7 million allocated to electric distribution revenue requirements, and $0.4 million allocated to electric generation revenue requirements).
- A.10-08-005 addressing PG&E's costs for the Default Residential Peak Day Pricing program. PG&E's request in this proceeding would result in an increase of approximately $4.5 million in electric distribution revenue requirements.

- A.10-02-028 addressing PG&E's costs for its Peak Time Rebate program. PG&E's proposal in this proceeding would result in an increase of about $1.5 million in electric distribution revenue requirements.
- A.11-11-017 addressing PG&E's costs for its Smart Grid Pilot project. PG&E's proposal in this proceeding would result in an increase of about $6 million in electric distribution revenue requirements.
- A.11-07-008 addressing PG&E's costs for an agreement with Lawrence Livermore National Laboratory on the California Energy Systems for the 21st Century project. PG&E's proposal in this proceeding would result in an increase of about $12.5 million in electric distribution revenue requirements.
- R.11-03-006 on PG&E's 2013 DWR revenue requirement. As noted above in Table 1 PG&E's 2013 DWR revenue requirement is expected to be about $309 million higher than in 2012.
- A.12-01-014 and A.12-04-009 addressing PG&E's MRTU costs for projects that became operational in 2010 and 2011, respectively. PG&E's recovery of these costs would increase its electric generation revenue requirements by about $73 million.
- A.11-02-011 and A.12-02-010, PG&E's 2011 and 2012 ERRA compliance proceedings, addressing costs recorded in the Renewables Portfolio Standard Cost Memorandum Account (RPSCMA) during 2010 and 2011, respectively. PG&E records third-party consultant costs incurred for the implementation and administration of the Renewables Portfolio Standard (RPS) in the RPSCMA. PG&E's RPSCMA tariff requires that PG&E seek recovery of costs recorded in the account in its annual ERRA compliance proceedings. Recovery of the balance in the RPSCMA would result in an increase of about a $0.3 million in electric generation revenue requirements.
- A.10-08-002 addressing fees assessed by the California Air Resources Board for implementing AB 32. PG&E requests in this proceeding to recover about $0.9 million in electric generation revenue requirements.
- R.11-03-012 addressing the return of AB 32 allowance revenues associated with GHG emissions. As noted above in Table 1, PG&E estimates that it will return about $252 million to customers decreasing electric generation revenue requirements.
- A.12-07-001 addressing PG&E's 2013- 2014 energy efficiency portfolio.

- A.12-08-007 addressing the 2013-2014 Statewide Marketing Education & Outreach program on demand-side energy programs. PG&E's proposal in this proceeding would result in an increase of about $6.8 million in its PPP revenue requirements.
- R.12-01-005 on incentives applied to energy efficiency activities. A proposed decision of the Administrative Law Judge issued for comment in November 2012 in this proceeding would not authorize recovery of incentives for these activities. A Commissioner draft alternate would allow PG&E to increase electric distribution revenue requirements by about $21 million in 2013 through the AET to recover incentives for 2010 energy efficiency program activities.
- A.11-05-019 addressing PG&E's 2013 Energy Savings Assistance and CARE administrative budgets. PG&E's proposal in this proceeding would increase PPP revenue requirements by about $9 million.
- R.10-05-004 on PG&E's 2013 California Solar Initiative (CSI) budget. The 2013 CSI budget is expected to be about $35 million lower than the 2012 budget reducing electric distribution revenue requirements.
- A.11-03-001 on PG&E's Demand Response (DR) budget. D.12-04-045 which approved PG&E's DR budgets for 2012 through 2014 is expected to result in an increase in electric distribution revenue requirements of about $86 million.

Pursuant to D.12-09-008 PG&E shall request recovery of costs associated with seismic studies at the Diablo Canyon Power Plant (DCPP) in its annual ERRA compliance proceedings.

D.12-09-008 in A.10-01-014 increased the funding for seismic studies at DCPP from $16.7 million, as authorized by D.10-08-003 in that proceeding, to $64.3 million. D.12-09-008 authorized PG&E to record costs associated with these studies in its Diablo Canyon Seismic Studies Balancing Account (DCSSBA). D.12-09-008 requires that costs recorded in the DCSSBA be recovered in PG&E's annual ERRA compliance proceedings where PG&E will provide support for the amounts actually incurred and recorded in the DCSSBA.[6]

[6] See Ordering Paragraph 4 of D.12-09-008.

AL 4096-E, filed prior to when D.12-09-008 was adopted, seeks recovery of the year-end 2012 balance recorded in the DCSSBA which is estimated to be about $2.4 million. That amount would be recovered through electric generation revenue requirements. Prior to the Commission's adoption of D.12-09-008, PG&E's DCSSBA tariff that was implemented pursuant to D.10-08-003 specified that disposition of balances in the account would be through the AET process. As a result of D.12-09-008, PG&E shall now recover balances recorded in the DCSSBA in the annual ERRA compliance proceeding. PG&E's next annual ERRA compliance application will be filed in February 2013. PG&E can seek recovery of the DCSSBA balance addressed in AL 4096-E in its 2013 ERRA compliance proceeding.

PG&E is also authorized to incorporate in rates effective January 1, 2013 revenue requirement changes resulting from the following advice letters if they are made effective by December 20, 2012.

PG&E requests to incorporate in January 1, 2013 rates, revenue requirement changes associated with the advice letters listed below should they be approved by December 20, 2012. PG&E is authorized to do so.

- PG&E will file an advice letter later in 2012 to implement 2013 attrition increases to its electric distribution and generation revenue requirements, $127 million and $27 million, respectively, as authorized by D.11-05-018 in its 2011 GRC.
- PG&E will file an advice letter later in 2012 for 2013 pension adjustments to its electric distribution and generation revenue requirements as authorized by D.09-09-020. Pursuant to that decision, PG&E's pension adjustments in 2013 will result in increases of about $19.6 million in electric distribution revenue requirements and $9.6 million in electric generation revenue requirements.
- AL 4087-E addressing the inclusion of solar photovoltaic program revenue requirements in the UGBA pursuant to D.10-04-052. PG&E requests in this advice letter that approximately $45.8 million be transferred to the UGBA for recovery in electric distribution revenue requirements in 2013.
- PG&E proposes to consolidate any changes to the balance in the Headroom Account (HA) in its December supplement to AL 4096-E if the review of AL 2521-E, which addresses HA balances from prior years, is completed by November 29, 2012. PG&E has amortized the balance in the HA pursuant to Resolutions E-3956-E, E-4032, and E-4217 issued on prior

AET advice letters, so that amounts recorded in the account could be returned to customers. PG&E's request for discretion to implement after January 1, 2013 any changes to revenue requirements associated with the Commission's resolution of this advice letter if a resolution is adopted on December 20, 2012 is granted on the condition that a Commission resolution does not require PG&E to implement any revenue requirements changes on January 1, 2013.

- Recovery of Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA) costs filed in AL 4126-E. Pursuant to D.07-12-052, the LTAMA records the technical assistance costs associated with the implementation and administration of the Long-Term Procurement Plan. In this advice letter PG&E requests authorization to transfer the balance from the LTAMA to the ERRA in accordance with LTAMA tariff (Preliminary Statement Part EW). The estimated year end 2012 LTAMA balance that would be transferred to the ERRA for recovery in rates is about $21,500.
- DRC Charges. The DRC charges recover the principal, interest, and other costs of the ERBs. PG&E states in AL 4096-E that the ERBs will be paid in full by December 25, 2012, and that it plans to file an AL later in 2012 to discontinue the DRC charges effective January 1, 2013. Discontinuation of the DRC charges will result in PG&E's Energy Recovery Bond revenue requirements decreasing by about $400 million.

Recovery in rates effective January 1, 2013, of the balances recorded in the Long Term Technical Assistance Memorandum Account and the Renewables Portfolio Standard Cost Memorandum Account is also contingent on Commission authorization to amortize the ERRA balance by December 20, 2012.

As noted above PG&E will transfer the LTAMA balance to the ERRA if the Commission approves AL 4126-E in which PG&E proposes to transfer the LTAMA balance to the ERRA for recovery. In its 2012 ERRA forecast proceeding, A.12-06-002, PG&E proposes to amortize the year-end 2012 ERRA balance in rates over calendar year 2013.[7] Thus, recovery of the year end 2012 balance in the LTAMA will be reflected in PG&E's December supplement to

[7] A.12-06-002, PG&E Prepared Testimony, Chapter 1, p. 1-13.

AL 4096-E, if the AL is approved by December 20, 2012, and if the Commission approves a decision in A.12-06-002 by that same date.
Also as noted above, PG&E has requested in its 2011 and 2012 ERRA compliance proceedings, A.11-02-011 and A.12-02-010, recovery of balances recorded in the RPSCMA. PG&E proposes in those proceedings to transfer the RPSCMA balances to the ERRA for recovery in rates if authorized by decisions in those cases. Thus, recovery of the balances in the RPSCMA will be reflected in PG&E's December supplement to AL 4096-E if the Commission approves decisions in A.11-02-011 and A.12-02-010 by November 29, 2012[8] authorizing transfer of the RPSCMA balance to the ERRA, and if the Commission approves a decision in A.12-06-002 by December 20, 2012 authorizing amortization of the ERRA balance.

PG&E's Self-Generation Incentive Program (SGIP) was extended through 2014 as a result of 2011 legislation.

On September 22, 2011, AB 1150 was signed into law. AB 1150 extended SGIP funding through the end of 2014, and results in an SGIP revenue requirement of $30.6 million for 2013. PG&E will include this amount for funding in PG&E's December supplemental AET filing in AL 4096-E, for rates effective January 1, 2013. Implementation of the 2013 SGIP revenue requirement will increase PG&E's electric distribution revenue requirements by about $0.8 million.

PG&E is allowed to amortize balances in accounts previously authorized by the Commission.

This resolution allows PG&E to amortize the following accounts through this year's AET advice letter, as previously approved for recovery by Resolution E-4432 which addressed PG&E's AET AL 3896-E filed in 2011: The DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, Hazardous Substance Mechanism (HSM), CAREA, ERBBA, FERABA, Affiliate Transfer Fees Account (ATFA), Customer Energy Efficiency Incentive Account (CEEIA), SmartMeter Project Balancing Account (SBA-E), Pension Contribution Balancing Account (PCBA), British Columbia Renewable Study Balancing Account (BCRSBA), the Non-

[8] PG&E's request for discretion in implementing the revenue requirements impacts of various proceedings, which we conditionally approve, includes the discretion to implement the ERRA compliance proceedings, A.11-02-011 and A.12-02-010, after January 1, 2013 if a decision in those cases is adopted on December 20, 2012. PG&E shall implement in rates on January 1, 2013, the revenue requirements impacts of all decisions in proceedings addressed in AL 4096-E, that are approved by November 29, 2012.

Tariffed Balancing Account (NTBA), and the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA). Consistent with Resolution E-4432 PG&E is also authorized to amortize balances in the Cornerstone Improvement Project Balancing Account (CIPBA), the Smart Grid Memorandum Account (SGMA), and the Meter Reading Cost Balancing Account-Electric (MRCBA-E) subject to the limitations set forth in PG&E's tariffs described below.

PG&E shall reflect its authorized 2013 revenue requirement for the Cornerstone Improvement Project (CIP) in rates effective January 1, 2013, and is authorized to transfer the balance in the Cornerstone Improvement Project Balancing Account to the DRAM for recovery in rates effective January 1, 2013, subject to limits set forth in PG&E's tariff.

The CIP is an electric distribution reliability project approved by D.10-06-048. PG&E filed AL 3716-E in 2010 to provide its calculation of the Cornerstone Improvement Project (CIP) authorized revenue requirements for 2011, 2012, and 2013, in compliance with D.10-06-048. Energy Division made AL 3716-E effective in September 2010. The 2013 CIP authorized revenue requirement presented in AL 3716-E, $54.033 million, is properly reflected in the 2013 revenue requirement shown in AL 4096-E which PG&E will include in rates effective January 1, 2013.

The CIPBA records the difference between the CIP revenue requirement authorized by the Commission in D.10-06-048 and PG&E's costs for implementing the project subject to a limitation on the total capital costs incurred from 2010 through 2013. According to PG&E's CIPBA tariff, Electric Preliminary Statement Part FL, the disposition of the balance in the CIPBA will be determined in the AET by transferring the balance to the DRAM at the end of each year. Accordingly, the year end 2012 CIPBA balance shall be transferred to the DRAM for recovery in rates effective January 1, 2013 subject to the capital cost limitation set forth in PG&E's tariff ($357.448 million over the 2010 to 2013 time period).

The 2013 CIP revenue requirement, including amortization of the CIPBA balance effective January 1, 2013, is expected to be about $23 million higher than the 2012 CIP revenue requirement.

PG&E is authorized to transfer the balance in the Smart Grid Memorandum Account (SGMA) to the DRAM for recovery in rates effective January 1, 2013, subject to the limits set forth in PG&E's tariff.

The SGMA records PG&E's costs for Smart Grid projects as authorized by the Commission in D.09-09-029. In accordance with the SGMA tariff, Preliminary Statement FD, disposition of the balance recorded for projects approved by the Commission and the Department of Energy is transferred to the DRAM at the end of each year for recovery through the AET process. According to the SGMA tariff, PG&E shall make a separate request to recover revenue requirements in excess of amounts adopted in D.09-09-029. Accordingly, the year end 2012 SPGMA balance shall be transferred to the DRAM for recovery in rates effective January 1, 2013 subject to the limitation on cost recovery through the AET that is set forth in PG&E's tariff. [9] The SGMA balance that will be transferred to the DRAM for recovery in rates effective January 1, 2013 is expected to be approximately $3.2 million. This is about $2.2 million higher than the amount that is to be recovered during 2012.

PG&E is allowed to transfer the balance in the Electric Meter Reading Costs Balancing Account (MRCBA-E) to the DRAM for recovery in rates effective January 1, 2013, subject to the annual cap set forth in its tariffs.

The MRCBA-E records electric meter reading costs pursuant to D.11-05-018 in PG&E's 2011 GRC. The combined balance of the MRCBA-E and the Gas Meter Reading Costs Balancing Account (MRCBA-G, Gas Preliminary Statement Part CR) is capped annually at $76.2 million. In accordance with PG&E's MRCBA-E tariff, Electric Preliminary Statement Part FQ, disposition of the balance in the account shall be through the AET advice letter process, via the DRAM. PG&E is hereby authorized to transfer its MRCBA-E year-end 2012 balance to the DRAM for recovery in rates effective January 1, 2013, subject to the annual combined electric and gas maximum of $76.2 million authorized by D.11-05-018 and set

[9] Preliminary Statement Part FD, Smart Grid Memorandum Account, Part 3: Once a project is approved by the Commission and by the Department of Energy (DOE), the balance in the subaccount for that project is transferred to the Distribution Revenue Adjustment Mechanism (DRAM) Account at the end of each year for recovery through the Annual Electric True-up Advice letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission.

forth in PG&E's tariffs. The estimated amount in this account that will be recovered in rates effective January 1, 2013 is about $19 million higher than the amount that will be recovered in 2012.

PG&E is authorized to amortize the year-end 2012 balance in the Electric Program Investment Charge Revenue Adjustment Mechanism (EPICRAM) balancing account in rates effective January 1, 2013.

The EPICRAM was established in 2012 pursuant to D.12-05-037. The account assures that PG&E collects its authorized EPIC program revenue requirement for funding research and development, technology demonstration and deployment, and market support and facilitation of clean energy technologies, in accordance with D.11-12-036 and D.12-05-037. PG&E's EPICRAM tariff, Preliminary Statement Part FU, specifies that disposition of the balance in the account shall be through the AET process. The EPIC program revenue requirement including amortization of the EPICRAM, which is part of PG&E's PPP revenue requirement, is estimated to be about $83.5 million in 2013. This is approximately $11.4 million higher than the EPIC revenue requirement authorized for 2012.

PG&E is authorized to amortize the year-end 2012 balance in the Revised Customer Energy Statement Balancing Account-Electric (RCESBA-E) in rates effective January 1, 2013 subject to the limitation on cost recovery set forth in its tariff.

The RCESBA-E was established in 2012 pursuant to D.12-03-015. The account records that actual electric revenue requirements associated with PG&E's costs for implementing its revised customer energy statement. PG&E's combined electric and gas cost for implementing the energy statement is capped at $19.012 million over the period from 2012 through 2016, with 55% or $10.461 million of the $19.012 million cap allocated to electric customers. According to the RCESBA-E tariff, Electric Preliminary Statement Part FX, the annual disposition of the balance in the account shall be through the AET. The balance in this account that is expected to be amortized in distribution rates effective January 1, 2013 is about $0.4 million.

PG&E's request in AL 4096-E to submit recorded data through October 31, 2012 and forecasted December 31, 2012 balances for recovery in its December supplemental advice letter is granted.

In previous years' AET Resolutions (E-4121, E-4217, E-4289, E-4379, and E-4432), the Commission allowed PG&E to submit an AET supplemental advice letter reflecting recorded account balance data from January through October, and forecasted balances for November and December for years 2007 through 2011 respectively. We allow PG&E to use recorded data from January 1 through October 31, 2012, and forecast data for November and December 2012 to update account balances in its December supplement to AL 4096-E.

The balances in all accounts authorized for recovery in rates are subject to audit, verification, and adjustment as necessary.

The balances in the accounts authorized for recovery by this resolution are subject to future audit, verification and adjustment.

PG&E's proposal to design rates based on decisions in phase 2 of its 2011 general rate case, and the sales forecast proposed in its 2013 ERRA forecast proceeding is granted.

The illustrative rates that PG&E submitted in AL 4096-E were designed using the revenue allocation and rate design methods approved in D.11-05-047 (addressing residential rate design), and D.11-11-053 (addressing revenue allocation and non-residential rate design) in PG&E's 2011 phase 2 GRC, A.10-03-014. The final rates that PG&E submits in its December supplement to AL 4096-E shall be based on these decisions since they set forth the most recent Commission adopted methods for allocating revenues and designing rates.

PG&E proposes to use the sales forecast it served in its 2013 ERRA forecast A.12-06-002 on June 20, 2012 to design rates effective January 1, 2013. PG&E requests that it be allowed to implement rates based on its 2013 ERRA sales forecast in the event that the Commission does not adopt a decision in A.12-06-002 by December 20, 2012. PG&E states that the rate impacts of sales forecast differences based on the Commission's final decision in A.12-06-002 and January 1, 2013 electric rates will be adjusted in PG&E's next rate change if its sales forecast is not approved in A.12-06-002. We grant PG&E's request to use the sales forecast it proposes in A.12-06-002 for designing rates effective

January 1, 2013. We note that PG&E's sales forecast is uncontested in that proceeding.[10] If the Commission adopts a different sales forecast, PG&E shall adjust rates in the first rate change following January 1, 2013 to reflect the sales forecast that the Commission adopts.

Pursuant to D.09-12-048 PG&E will file an advice letter to implement residential rate changes allowed by Public Utilities Code Section 739.9 (SB 695) later this month. However, since those changes are revenue neutral, they will not affect revenue requirements.

SB 695 signed into law in October 2009 added Section 739.9 to the Public Utilities Code. That section allows the Commission to increase residential rates for usage up to 130 percent of baseline (Tier 1 and 2 rates) by specific percentages based on specific indices. In developing illustrative rates in AL 4096-E, PG&E assumed a 3 percent increase to non-CARE Tier 1 and Tier 2 rates (the lower bound of potential increases specifically mentioned in Section 739.9) and no increase to CARE Tier 1 and Tier 2 rates. CARE Tier 3 rates, authorized effective November 1, 2011 in D.11-05-047, were increased by 1.5 cents per kWh in 2013 as approved by D.11-05-047. PG&E then set non-CARE rates for usage in excess of 130 percent of baseline to ensure the revenue allocated to the residential class is fully collected, while maintaining the fixed differential (4 cents per kWh) between non-CARE Tier 3 and Tier 4 rates approved by D.11-05-047.

In November 2012, PG&E will file a separate advice letter seeking approval of a January 1, 2013 increase to residential rates for usage up to 130 percent of baseline in accordance with the provisions adopted in D.09-12-048 which implemented P.U. Code Section 739.9. If that advice letter is approved by December 20, 2012, PG&E shall reflect those rate changes in its December supplement to AL 4096-E.

PG&E shall revise its estimate of revenue requirements and rates filed in AL 4096-E to reflect actual changes authorized by the Commission by November 29, 2012 or December 20, 2012, and the changes authorized by the FERC by December 2012.

PG&E shall supplement AL 4096-E by December 31, 2012 to reflect the actual rate and revenue changes authorized by the Commission by November 29, 2012 and

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[10] See PG&E's September 20, 2012 Opening Brief in A.12-06-002, p. 10.

December 20, 2012 in the proceedings and advice letters as specified in this resolution, and actual changes authorized by the FERC by December 20, 2012. The December 2012 supplement to AL 4096-E shall also incorporate updated balances of accounts to be amortized in rates on January 1, 2013. The rates PG&E files in its supplemental advice letter will be reviewed for compliance after January 1, 2013. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify the rates as required and re-bill customers if necessary, or make other appropriate adjustments in a timely manner. This process is consistent with the procedure established in prior resolutions addressing PG&E AET advice letters.[11]

The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

Under the filed rate doctrine, the Commission is obligated to allow PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission rate changes, adjusted for end use customer refunds required to be paid to customers. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 4096-E that are authorized by December 20, 2012. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

COMMENTS

Per statutory requirement, a draft resolution was mailed to parties for comment.

Public Utilities Code section 311(g)(1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly the draft resolution was served on PG&E and issued for public review and comment no later than 30 days prior to a vote of the Commission.

[11] The following resolutions on prior PG&E AET advice letters authorized this same process; the effective date of the new rates addressed by the resolution is in parentheses: Resolution E-3906 (Jan. 1, 2005); Res. E-3956 (Jan. 1, 2006); Res. E-4032 (Jan. 1, 2007);

Res. E-4121 (Jan.1, 2008); Res. E-4217 (Jan. 1, 2009); Res. E-4289 (Jan. 1, 2010); Res. E-4379 (Jan. 1, 2011), Res. E-4432 (January 1, 2012).

FINDINGS AND CONCLUSIONS

1. The AET is a process in which PG&E's revenue requirements authorized by the Commission in various proceedings are consolidated. The AET is also a forum for PG&E to recover costs recorded in memorandum and balancing accounts which have been reviewed and approved for recovery by the Commission in a separate proceeding or advice letter, or are pending separate review that will be completed prior to end of the year.
2. PG&E filed AL 4096-E on August 31, 2012, proposing to establish 2013 electric rates to recover balances in accounts, establish the 2013 ERBBA revenue requirement, and consolidate Commission- and FERC-authorized rate changes, effective January 1, 2013.
3. It is reasonable for PG&E to establish the 2013 ERBBA revenue requirement using a forecast of 2013 ERBBA activity, including the amortization of December 31, 2012, forecast ERBBA balance, consistent with what was authorized in Resolution E-4432 addressing PG&E's last AET.
4. PG&E should supplement AL 4096-E by December 31, 2012 to reflect the revenue requirement changes authorized by this Commission and FERC, and to update balances in accounts specified in this resolution to be amortized beginning January 1, 2013. The updated balances, revenues, and rates should be subject to future audit, verification, and adjustment pending review of the December supplement to AL 4096-E.
5. PG&E's December 2012 supplement to AL 4096-E should reflect in rates all FERC-authorized revenue requirement changes approved by December 20, 2012 and all Commission authorized revenue requirement changes and amortization of account balances, to the extent approved by December 20, 2012, in the following formal proceedings and advice letter filings:
   - A.12-04-018, PG&E's 2013 Cost of Capital proceeding.
   - A.12-06-002, PG&E's 2013 ERRA forecast proceeding.
   - PG&E's advice letter to be filed in late 2012 to implement 2013 attrition year electric distribution and generation revenue requirements increases authorized by D.11-05-018.
   - PG&E's advice letter to be filed in late 2012 to implement its 2013 pension adjustments to its electric distribution and generation revenue requirements in compliance with D.09-09-020.

- AL 4087-E addressing the inclusion of solar photovoltaic program revenue requirements in the UGBA pursuant to D.10-04-052.
- AL 4126-E requesting authorization to transfer the Long-Term Procurement Plan Technical Assistance Memorandum Account balance to the ERRA; recovery of the LTAMA balance effective January 1, 2013 requires that both AL 4126-E be approved, and the Commission approve amortization of the ERRA balance in A.12-06-002.
- PG&E's advice letter to be filed in late 2012 to discontinue the DRC charges effective January 1, 2013.

6. PG&E's December 2012 supplement to AL 4096-E should reflect in rates all Commission authorized revenue requirements changes and amortization of account balances, approved by November 29, 2012, in the following formal proceedings and advice letter filings:

- A.11-09-014 addressing PG&E's request to recover costs recorded in the Catastrophic Event Memorandum Account.
- A.10-08-005 addressing PG&E's costs for the Default Residential Peak Day Pricing program.
- A.10-02-028 addressing PG&E's costs for its Peak Time Rebate program.
- A.11-11-017 addressing PG&E's costs for its Smart Grid Pilot project.
- A.11-07-008 addressing PG&E's costs for an agreement with Lawrence Livermore National Laboratory on the California Energy Systems for the 21st Century project.
- R.11-03-006 on PG&E's 2013 DWR revenue requirement.
- A.12-01-014 and A.12-04-009 addressing PG&E's MRTU costs for projects that became operational in 2010 and 2011, respectively.
- A.11-02-011: Recovery of costs recorded in the RPSCMA during 2010 may be amortized in rates effective January 1, 2013 only if the Commission approves transfer of the 2010 RPSCMA balance to the ERRA in A.11-02-011, and amortization of the ERRA in A.12-06-002.
- A.12-02-010: Recovery of costs recorded in the RPSCMA during 2011 may be amortized in rates effective January 1, 2013 only if the Commission approves transfer of the 2011 RPSCMA balance to the ERRA in A.12-02-010, and amortization of the ERRA in A.12-06-002.

- A.10-08-002 addressing fees assessed by the California Air Resources Board for implementing AB 32.
- R.11-03-012 addressing the rate design for the return of benefits of AB 32 allowance revenues associated with GHG emissions.
- A.12-07-001 addressing PG&E's 2013-2014 energy efficiency portfolio.
- A.12-08-007 addressing the 2013-2014 Statewide Marketing Education & Outreach program on demand-side energy programs.
- R.12-01-005 on incentives applied to energy efficiency activities.
- A.11-05-019 addressing PG&E's 2013 Energy Savings Assistance and CARE administrative budgets.
- R10-05-004 addressing PG&E's 2013 CSI budget.
- A.11-03-001 addressing PG&E's DR budgets for 2012 through 2014.
- AL 2521-E addressing the Headroom Account balance.

7. PG&E should be granted discretion to implement in rates after January 1, 2013 Commission authorized revenue requirements changes and amortization of account balances approved on December 20, 2012 in the proceedings listed in Finding and Conclusion 6 above, on the condition that Commission orders in those proceedings do not require implementation on January 1, 2013.
8. To the extent that PG&E implements in rates after January 1, 2013, those 2013 Commission authorized revenue requirements that are approved by the Commission on December 20, 2012, PG&E should be allowed to recover those full revenue requirements during calendar year 2013.
9. D.12-09-008 requires that PG&E seek recovery of costs recorded in the Diablo Canyon Seismic Studies Balancing Account in its annual ERRA compliance proceedings.
10. PG&E's December 2012 supplement to AL 4096-E should reflect Self Generation Incentive program funding for 2013 pursuant to the enactment of AB 1150 in 2011.
11. In Resolution E-4432, the Commission allowed PG&E to consolidate in rates effective January 1, 2012 amortization of December forecast balances updated to reflect recorded data as of October 31, 2010 in the DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, ATFA,

CEEIA, SBA-E, PCBA, BCRSBA, NTBA, LCPERMA, CIPBA, SGMA, and the MRCBA-E.

12. PG&E should, through the current AET, recover balances in the same accounts authorized by Resolution E-4432.
13. PG&E's Preliminary Statement Part FL sets forth that disposition of the balance in the CIPBA will be determined in the AET by transferring the balance to the DRAM at the end of each year, and establishes a limit on recovery of capital costs for the CIP over the 2010 to 2013 time period.
14. PG&E's Preliminary Statement FD sets forth that disposition of the balance in the SGMA shall be through the AET by transferring the balance to the DRAM at the end of each year, and limits the amount to be recovered for Smart Grid projects through the AET to the revenue requirements authorized by D.09-09-029.
15. PG&E's Preliminary Statement FQ sets forth that disposition of the balance in the MRCBA-E shall be through the AET advice letter process via the DRAM, and limits the combined balance in the electric and gas meter reading balancing accounts to $76.2 million annually.
16. PG&E should recover through the current AET, the year-end 2012 balance recorded in the EPICRAM in rates effective January 1, 2013 in accordance with its EPICRAM tariff, Preliminary Statement Part FU.
17. PG&E should recover through the current AET, the year-end 2012 balance recorded in the RCESBA-E in rates effective January 1, 2013 in accordance with its RCESBA-E tariff, Electric Preliminary Statement Part FX which sets forth a combined electric and gas cap on the amount to be recovered from 2012 through 2016 of $19.012 million with 55%or $10.461 million to be allocated to electric customers.
18. PG&E's request to submit the December 2012 supplemental advice letter with forecasted December 31, 2012 account balances which include recorded data through October 31, 2012 is reasonable.
19. PG&E should be allowed to amortize, subject to future audit, verification, and adjustment all accounts authorized in the ordering paragraphs of this resolution.
20. The rates that PG&E files in its December 2012 supplement to AL 4096-E should be designed based on the revenue allocation and rate design methods approved in D.11-05-047 and D.11-11-053 in A.10-03-014.

21. The 2013 sales forecast that PG&E has proposed in A.12-06-002 should be used to design rates that PG&E files in its December 2012 supplement to AL 4096-E.
22. If the Commission adopts a 2013 sales forecast in A.12-06-002 different from what PG&E uses to design rates that it files in its December 2012 supplement to AL 4096-E, PG&E should adjust rates in its first rate change following January 1, 2013 to reflect the 2013 sales forecast that the Commission adopts.
23. PG&E's proposal to modify residential rates pursuant to Public Utilities Code Section 739.9 is subject to approval of an advice letter PG&E will file in November 2012 seeking to increase residential rates for usage up to 130 percent of baseline.
24. In accordance with the filed rate doctrine the Commission allows PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission rate changes, adjusted for end-use customer refunds required to be paid to customers.
25. It is just and reasonable for PG&E to begin recovering in rates FERC-authorized revenues that are authorized by December 20, 2012.
26. The rates authorized by this resolution should be subject to refund to the same extent that they are subject to refund at the FERC.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in Advice Letter 4096-E is approved with modifications and only to the extent described in the ordering paragraphs below.
2. PG&E's request to establish the 2013 ERBBA revenue requirement using a forecast of 2013 ERBBA activity, including the amortization of the December 31, 2012 forecast ERBBA balance, is approved.
3. No later than December 31, 2012, PG&E shall file a supplement to AL 4096-E with revised tariffs. The supplemental filing shall be effective on January 1, 2013, but remain subject to Energy Division determination that PG&E is in compliance with this resolution. The updated revenues and rates contained in the December supplemental filing shall be subject to audit, verification and adjustment. PG&E shall provide to the Energy Division and any party requesting them, workpapers supporting the rates filed in this supplemental advice letter and the revenue allocation underlying those rates. The December supplement shall do the following:

a. Amortize over one year based on December 31, 2012 forecast amounts, updated with recorded data as of October 31, 2012, balances in the following accounts: DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERRBA, FERABA, ATFA, CEEIA, SBA-E, PCBA, BCRSBA, NTBA, LCPERMA, CIPBA, SGMA, MRCBA-E, EPICRAM, and RCESBA-E. The balances in the SGMA and the MRCBA-E are authorized to be transferred to the DRAM for recovery in rates subject to the limitations on cost recovery set forth in PG&E's SGMA and MRCBA ($76.2 million in combined annual balances between the MRCBA-E and the MRCBA-G) tariffs; the balance in the CIPBA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's CIPBA tariff ($357.448 million over the 2010 to 2013 time period); the balance in the RCESBA-E is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's RCESBA-E tariff (55%of $19.012 million, or $10.461 million, to be recovered from electric customers from 2012 through 2016).

b. Reflect in rates the 2013 ERBBA revenue requirement.

c. Reflect in rates the 2013 Self Generation Incentive program revenue requirement.

d. Reflect in rates all FERC-authorized revenue requirement changes approved by December 20, 2012, and all Commission-authorized revenue requirement changes and amortization of account balances approved by December 20, 2012, in those proceedings or advice letter filings specified in Finding and Conclusion No. 5, subject to the conditions specified therein for recovery of the LTAMA; to the extent Commission approval is not granted by December 20, 2012, PG&E shall not include items from any of those proceedings or advice letter filings specified in Finding and Conclusion No. 5.

e. Reflect in rates all Commission-authorized revenue requirement changes and amortization of account balances approved by November 29, 2012, in those proceedings or advice letter filings specified in Finding and Conclusion No. 6, subject to the conditions specified therein for recovery of the RPSCMA; PG&E may reflect in rates after January 1, 2013 all Commission-authorized revenue requirements changes and amortization of account balances approved on December 20, 2012, in those proceedings or advice letter filings specified in Finding and Conclusion No. 6, on the condition that the Commission does not require in those proceedings that those orders be implemented in rates on January 1, 2013; to the extent Commission approval is not granted by December 20, 2012, PG&E shall not include in its supplement to AL 4096-E items from any of those proceedings or advice letter filings specified in Finding and Conclusion No. 6.

f. To the extent that PG&E reflects in rates after January 1, 2013 those 2013 Commission-authorized revenue requirements changes approved on December 20, 2012, PG&E is authorized to recover its full 2013 revenue requirements changes during calendar year 2013.

4. PG&E shall use the rate design and revenue allocation methods approved in D.11-05-047 and D.11-11-053 to design the rates it files in its December 2012 supplement to AL 4096-E.
5. PG&E shall use the sales forecast it proposes in A.12-06-002 to design the rates it files in its December 2012 supplement to AL 4096-E; if the Commission approves in A.12-06-002 a sales forecast that is different from that used to design rates filed in PG&E's December 2012 supplement to AL 4096-E, PG&E shall adjust rates in the first rate change following January 1, 2013 to reflect the sales forecast adopted by the Commission.
6. PG&E shall include revenue-neutral residential rate changes for usage of up to 130% of baseline under P.U. Code Section 739.9 in its December supplemental advice letter filing, if the Commission approves by December 20, 2012 an advice letter that PG&E files in November 2012 in accordance with D.09-12-048.
7. Balances in all accounts authorized for recovery by this resolution are subject to audit, verification and adjustment.
8. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.
9. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify rates as required and make any necessary billing or other adjustments in a timely manner.
10. If PG&E requests amortization of future balances in the accounts authorized for amortization in this resolution by means of the annual electric true-up advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the

advice letter is filed and the estimated balances for August through December of that year.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 20, 2012; the following Commissioners voting favorably thereon:

____
Paul Clanon
Executive Director

Attachment A

Resolution E-4548 addressing PG&E Advice Letter 4096-E

List of Acronyms in Alphabetical Order:

A.	Application
AB	Assembly Bill
AET	Annual Electric True-up
AL	Advice Letter
ATFA	Affiliate Transfer Fees Account
BCRSBA	British Columbia Renewable Study Balancing Account
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CAREA	California Alternate Rates for Energy Account
CEEIA	Customer Energy Efficiency Incentive Account
CIPBA	Cornerstone Improvement Project Balancing Account
CSI	California Solar Initiative
CTC	Competition Transition Charge
D.	Decision
DCSSBA	Diablo Canyon Seismic Studies Balancing Account
DR	Demand Response
DRC	Dedicated Rate Component
DRAM	Distribution Revenue Adjustment Mechanism
DWR	California Department of Water Resources
ECRA	Energy Cost Recovery Amount
ECRBA	End Use Customer Refund Balancing Account
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
ERRA	Energy Resource Recovery Account
ERBBA	Energy Recovery Bonds Balancing Account
ESA	Energy Savings Assistance
FERABA	Family Electric Rate Assistance Balancing Account
FERC	Federal Energy Regulatory Commission
FF&U	Franchise Fees and Uncollectibles
EPICRAM	Electric Program Investment Charge Revenue Adjustment Mechanism
ERBs	Energy Recovery Bonds
ERRA	Energy Resource Recovery Account

GHG	Greenhouse Gas
GRC	General Rate Case
HA	Headroom Account
HSM	Hazardous Substance Mechanism
LCPERMA	Land Conservation Plan Environmental Remediation Memorandum Account
LTAMA	Long-Term Procurement Plan Technical Assistance Memorandum Account
MRTU	Market Redesign and Technology Upgrade
MTCBA	Modified Transition Cost Balancing Account
NDAM	Nuclear Decommissioning Adjustment Mechanism
NSGBA	New System Generation Balancing Account
NSGC	New System Generation Charge
NTBA	Non-Tariffed Balancing Account
MTCBA	Modified Transition Cost Balancing Account
PEERAM	Procurement Energy Efficiency Revenue Adjustment Mechanism
PCIA	Power Charge Indifference Amount
PCBA	Pension Contribution Balancing Account
PCCBA	Power Charge Collection Balancing Account
PPP	Public Purpose Program
PPPRAM	Public Purpose Programs Revenue Adjustment Mechanism
PGC	Public Goods Charge
QF	Qualifying Facility
R.	Rulemaking
RCESBA	Revised Customer Energy Statement Balancing Account
RPS	Renewables Portfolio Standard
RPSCMA	Renewables Portfolio Standard Cost Memorandum Account
RS	Reliability Services
RSBA	Reliability Services Balancing Account
SB	Senate Bill
SBA-E	SmartMeter™ Project Balancing Account
SGIP	Self Generation Incentive Program
SGMA	Smart Grid Memorandum Account
TRBAA	Transmission Revenue Balancing Account Adjustment
UGBA	Utility Generation Balancing Account